Message

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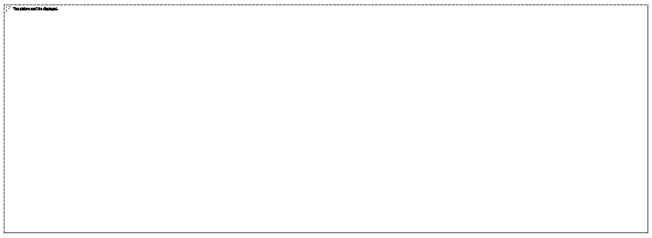
To: Hanley, Jim [Hanley.James@epa.gov]
Subject: Azarga Issues Upgraded Resource and Preliminary Economic Assessment for Dewey Burdock



Azarga Uranium Corp.

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January 29, 2015

Azarga Issues Upgraded Resource and Preliminary Economic Assessment for Dewey Burdock

GREENWOOD VILLAGE, COLORADO--(Marketwired - Jan. 29, 2015) -

Highlights:

-- Measured plus Indicated Resources increase 28% to 8.6 million pounds U3O8 at 0.25%

-- Estimated pre-tax NPV of US$149.4 million and IRR of 67% (at US$65 per pound uranium sales price assumption)

-- IRR of 41% at current term uranium contract price (using US$50 per pound as reported by TradeTech)

-- 11-year project production life at approximately one million pounds per year once steady state production level is reached

-- Initial capital expenditure estimated at US$27.0 million

-- Annual operating costs estimated at US$18.86 per pound (excluding well-field and facility capital costs)

AZARGA URANIUM CORP. (TSX:AZZ)(FRANKFURT:P8AA)(OTC:PWURD) ("Azarga" or the "Company") welcomes the positive findings of an independent Preliminary Economic Assessment ("PEA") of the Company's flagship Dewey Burdock Project in South Dakota, USA.

"The updated resource statement included in the PEA confirms Dewey Burdock as the highest grade in situ recovery ("ISR") project among North American peers, with an economic profile that should enable construction in the current uranium price environment," said Richard Clement, President and CEO of Azarga. He went on to say, "It's a transformational improvement from the PEA produced in 2012, with lower initial capital expenditure and cash costs, more pounds in inventory and an estimated 37% increase in pre-tax NPV."

The PEA, which conforms to the requirements of Canada's National Instrument 43-101, was prepared by TREC, Inc. ("TREC"), Douglass Graves, P.E., QP and Roughstock Mining Services ("Roughstock"), Steve Cutler, P.G., QP. The full technical report will be filed on SEDAR at www.sedar.com and Azarga's website www.azargauranium.com within 45 days of the issuance of this news release.

Updated Mineral Resource Estimate - January 2015(1)

Table 1: Dewey Burdock Project ISR Mineral Resource estimate

	Measured Resources	Indicated Resources	Measured plus Indicated Resources	Inferred Resources
Tons	554,000	992,000	1,546,000	586,000
Ave. grade (% U3O8)	0.33	0.21	0.25	0.05
Thickness (feet)	3.9	6.0	5.25	4.2
Grade-thickness	1.30	1.28	1.29	0.20
Uranium (pounds)	4,122,000	4,460,000	8,582,000	3,528,000

1. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The above Resources were determined using the grade-thickness ("GT") contour method and met the following criteria:

1. 0.05 percent grade cutoff;
2. Occur within the same mineral horizon (roll front);
3. Fall within the 0.20 or 0.50 GT contour; and
4. Extend no farther from the drill hole than the radius of influence specified for each category, i.e., measured, indicated or inferred.

In addition to the above Resources, the PEA estimates an additional 940,000 pounds of non-ISR (located above the water table) Inferred Resources at 0.17% U3O8. Such resources are not included in the resources presented above or any project or economic analysis.

For the purpose of the PEA, the uranium recovery is estimated at 80% on all categories of ISR Resources. Therefore, overall potential yellowcake production is estimated to be 9.7 million pounds.

Project description

The Burdock resource area consists of 11 well fields where mineral extraction will occur. The central processing plant ("CPP") for the project will be located in the Burdock resource area along with four ponds. A satellite facility will be constructed in the Dewey resource area. The Dewey resource area consists of five well fields where mineral extraction will occur.

The project is proposed to be developed using a gradual, phased approach. The Burdock CPP will be constructed to initially accept a flow rate of up to 1,000 gallons per minute ("gpm") of lixiviant. Capacity will gradually be expanded to accept a flow rate of 4,000 gpm of lixiviant.

Similarly, ion exchange ("IX") capacity will gradually be increased. During the first few years of operation, resin will be transferred from IX vessels to resin trailers to be transported and processed at an off-site processing facility. Once the CPP flow rate capacity has reached 4,000 gpm, the Burdock CPP will be expanded to include processing capabilities for approximately one million pounds per annum of U3O8. After the Burdock resource area has been economically depleted, the IX vessels in the CPP will be removed and transported to the Dewey satellite facility for use in mining the Dewey resource area.

First production will occur in the first year after construction commences, with approximately 126,000 pounds of U3O8 produced. The ramp-up would then continue until reaching a production level of approximately 1,000,000 pounds two years later in the third year after construction commences. Production will generally occur at each well field consecutively and the project production will occur over a period of approximately 11 years. Restoration and surface reclamation will also be implemented concurrently with production and will continue approximately four years beyond the production period. The overall mine life will be approximately 16 years from initiating construction to completing decommissioning.

Economic analysis

Table 2: Life of mine total cash flow line items (revenue, costs and capital)

	Units	Total or average	$ per pound
Uranium production as U3O8	Lbs '000s	9,688	-
Base case long term uranium price	US$/lb	65.00	-
Uranium gross revenue	US$ '000s	629,720	-
Less: surface and mineral royalties	US$ '000s	33,029	3.41
Taxable revenue	US$ '000s	596,691	-
Less: severance and conservation tax	US$ '000s	28,283	2.92
Less: property tax	US$ '000s	6,960	0.72
Net gross sales	US$ '000s	561,448	-
Less: plant and well field operating costs	US$ '000s	82,329	8.50
Less: product transaction costs	US$ '000s	9,855	1.02
Less: administrative support costs	US$ '000s	10,066	1.04
Less: D&D and restoration costs	US$ '000s	12,157	1.25
Net operating cash flow	US$ '000s	447,041	-
Less: pre-construction capital costs	US$ '000s	3,527	0.36
Less: plant development costs	US$ '000s	52,166	5.38
Less: well field capital development costs	US$ '000s	107,121	11.06
Net pre-tax cash flow	US$ '000s	284,226	-

The project is cash flow positive from the second year after construction. Initial capital expenditures have been estimated at US$27.0 million, comprising the capital costs for years minus one and one. Sustaining capital costs are estimated to be US$135.8 million spread over the subsequent 11 years of production (ie, years two to 12).

Annual operating costs are estimated to be US$18.86 per pound of uranium produced, excluding well field development capital and facility capital costs.

The base case economic assessment results in a pre-tax net present value ("NPV") of US$149.4 million assessed at an 8% discount rate. Furthermore, the project internal rate of return ("IRR") is 67%.

Table 3: NPV and IRR sensitivity to alternative uranium price scenarios

Uranium price scenario	NPV	IRR
US$45/lb	US$50.3m	32%
US$50/lb	US$75.0m	41%
US$55/lb	US$99.8m	50%
US$60/lb	US$124.6m	59%
US$65/lb (base case)	US$149.4m	67%
US$70/lb	US$174.1m	75%
US$75/lb	US$198.9m	83%
US$80/lb	US$223.7m	90%
US$85/lb	US$248.4m	98%

Comparison of new 2015 PEA to prior 2012 PEA

Table 4: Comparison of key items from current PEA with prior 2012 PEA

	Current 2015 PEA	Old 2012 PEA	Improvement
Life of mine uranium production	9.7m lb	8.4m lb	15%
Initial capital costs	US$27.0m	US$54.3m	50%
Net pre-tax cash flow (at US$65/lb uranium)	US$284.2m	US$194.9m	46%
NPV (at 8% discount rate)	US$149.4m	US$109.1m	37%
IRR	67%	48%	-

Cautionary statement: The results of the PEA are preliminary in nature, and include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. The estimated mineral recovery used in the PEA is based on site-specific laboratory recovery data as well as Azarga personnel and industry experience at similar facilities. There can be no assurance that the estimated recovery level will be achieved.

Data Verification

An overall assessment of the data used for the classification of resources into various categories is required by the CIM Definition Standards. This assessment showed that historical data gathering and interpretation of the data was conducted by a well-respected, major uranium exploration company with high-quality uranium exploration staff. It also showed that at key points, professional geologic consultants reviewed and verified the results of the historic explorations programs. Numerous academic reports have also been published on geologic settings and uranium mineralization of the Project.

Interpretive geologic evaluation has also been completed under the direction of Azarga's senior geologic staff. Azarga's Chief Geologist, Frank Lichnovsky, has 40 years of uranium experience including well field development assignments at many facilities worldwide. All these factors provide a high level of confidence in the geological information available on the mineral deposit and that historic drillhole data on the Dewey-Burdock Project is accurate and useable for continued evaluation of the project.

The QP (Mr. Cutler) notes that the drilling conducted by Azarga has verified the location and grade of uranium mineralization in the updated resource estimate. There are no known discrepancies in locations, depths, thicknesses, or grades that would render the project data questionable. The QP has adequately verified the historical data for the Dewey-Burdock project. The QP has reviewed the data confirmation procedures and concludes that the drillhole database has been sufficiently verified and is adequate for use in resource estimation. The QP concludes the work done by Azarga to verify the historical records has validated the project information in the updated resource estimate.

Qualified Person

The disclosure of a scientific and technical nature contained in this press release was approved by Douglass Graves, P.E. and Steve Cutler, P.G., qualified persons as that term is defined under National Instrument 43-101.

About Azarga Uranium Corp.

Azarga Uranium is a mineral development company that owns six uranium projects, deposits and prospects in USA (South Dakota, Wyoming and Colorado) and Kyrgyzstan together with investment holdings in Anatolia Energy Limited (ASX:AEK - 11%) and Black Range Minerals Limited (ASX:BLR - 17%). The Dewey Burdock Project in South Dakota is the main initial development priority, which has received its final NRC License.

For more information please visit www.azargauranium.com.

Follow us on Twitter at @AzargaUranium.

AZARGA URANIUM CORP.

Richard F. Clement Jr., President & CEO

Disclaimer for Forward-Looking Information

Certain statements in this news release are forward-looking statements, which reflect the expectations of management regarding the PEA. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its mineral projects, the estimation of mineral resources, the timing and amount of estimated future production and capital, operating and exploration expenditures. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially

from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect, including the economic results of the PEA. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including without limitation: (1) the project is ultimately constructed and the economics of the PEA are realized, (2) the economics of the PEA disclosed reflect the actual project economics, (3) any change in the law, regulatory or political environment which would negatively affect the Company's operations or its ability to obtain all necessary environmental and regulatory approvals, licenses and permits, and (4) other factors beyond the Company's control. These forward-looking statements are made as of the date of this news release and, except as required by applicable securities laws, the Company assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in the Company's most recent MD&A filed with Canadian security regulators.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this News Release.

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